

**Report to Montana Rail
Competition Council –
February 26, 2007-
Helena, Montana**

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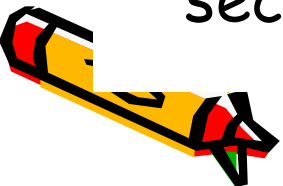
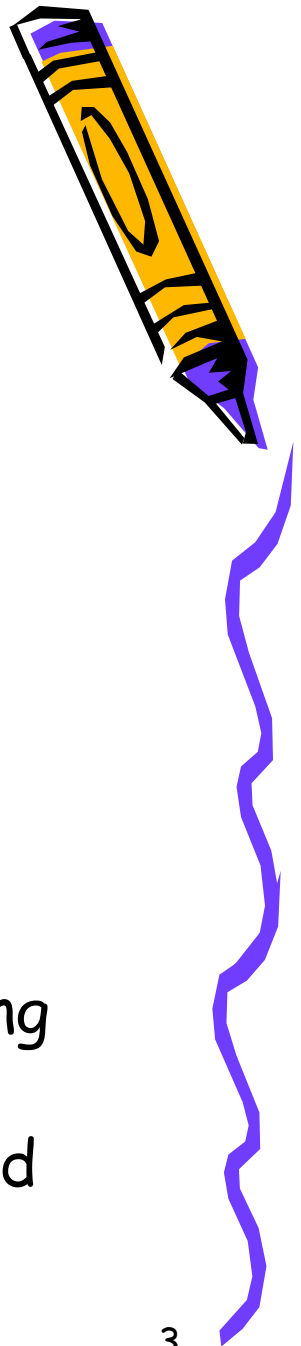
Activity on the Rail Customer Front

1. Rail Captive legislation is be finalized
2. Rail Shipper day is scheduled for March 15th
3. Rep. Oberstar - Chairman of House T&I will be chief sponsor in the House
4. Railroads are continuing to push a tax infrastructure bill in the new Congress
5. Montana Grain Rail Transportation Survey 2006 and Analysis is published by Montana DOT/Whiteside & Associates

Montana Grain

Transportation Survey 2006

- Thank-you to the major farm organizations in Montana Farmers Union, the Montana Grain Growers Association, and Montana Farm Bureau
- Interesting findings - one of the most in-depth surveys ever done on Farm producers transport requirements in Montana
- Provides valuable input quantifying increasing average hauls by farm producers and farm producer patterns of marketing
- Survey outlines large increases in average hauling distances over the last 10 years and 20 years
- Survey also confirms increasing use of State and secondary road systems



Montana Grain Transportation Survey – 2006 – 13 Findings

1. Grain is being hauled further and further over the state and county highway systems.
2. The majority of farm producers have experienced increasing hauling distances over the past 10 and 20 years.
3. Those farm producers experiencing increased haulage are hauling over 3 times as far as those farm producers who have not experienced any increased hauling distances.

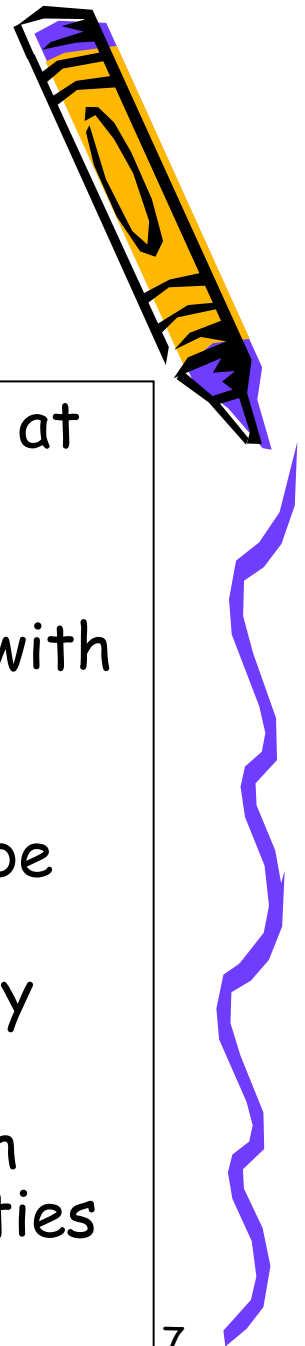
Montana Grain Transportation Survey – 2006 – 13 Findings

4. The non-wheat crops are experiencing significantly greater hauling distances that wheat crops further burdening alternative and rotational crop practices.
5. Some counties show average hauling distances upwards of 80+ miles.
6. The 2006 harvest in Montana could be best described as a tale of two cities - with Winter wheat showing average to above average yields and Spring wheat, durum, barley, pulse, peas and lentils showing average to below average yields.

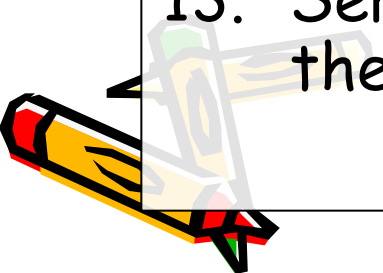
Montana Grain Transportation Survey – 2006 – 13 Findings (Cont.)

7. The vast majority of farm producers have the capabilities of storing most if not all of their grain production.
8. Even with the diversity of yields, most Montana farm producers experienced elevator pluggings multiple times during harvest - due to lack of rail cars.
9. With the multiple elevator pluggings, most farm producers held onto to their crops and waited for the rail car shortages to abate rather than take their grain to more distant elevators.
10. Farm producers generally thought these delays and elevator pluggings were 'about average' and par for the course.

Montana Grain Transportation Survey – 2006 – 13 Findings (Cont.)

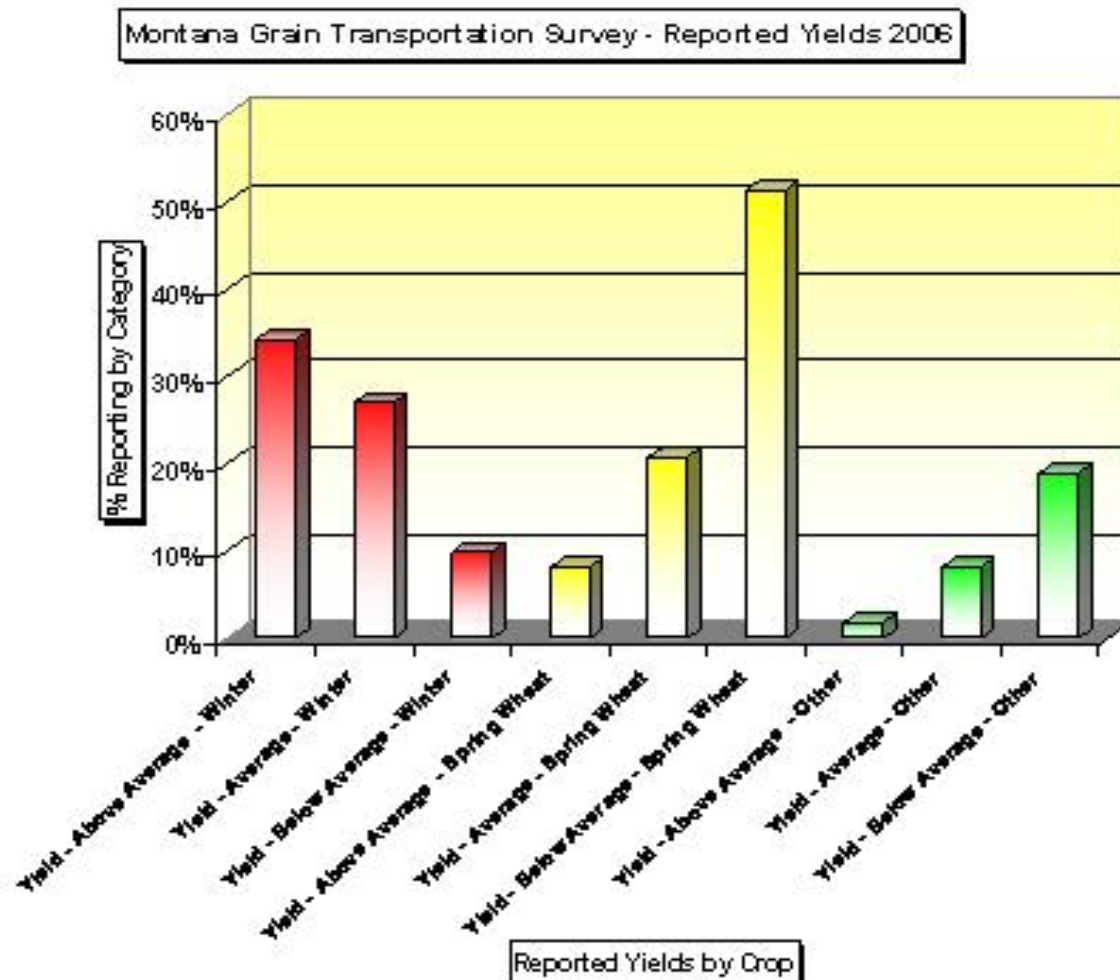


11. Farm producers are finding unloading delays at ever more distant elevators each year.
12. As the elevator system is being forced to larger, more rail efficient shuttles coupled with the loss of thousands of miles of rail branchlines in the state, the costs of transportation for gathering grain seem to be shifting from the railroads to the farm producers and to the State and local highway system.
13. Service levels seeing little improvement with the transition to larger grain handling facilities

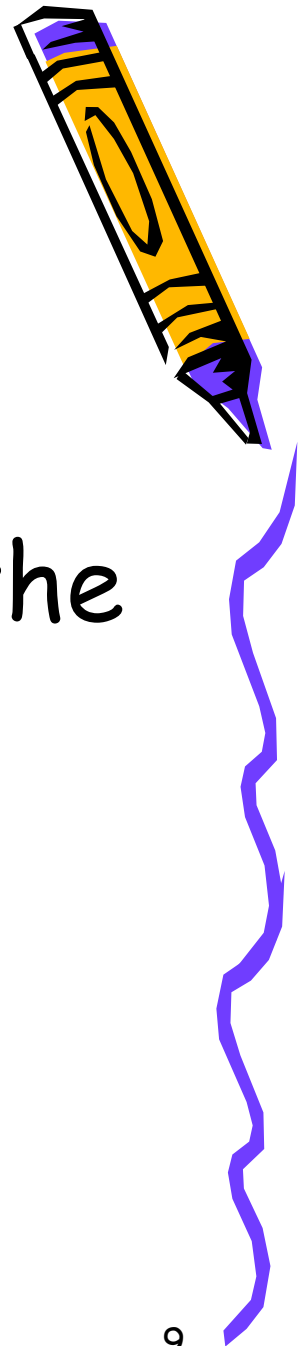


Montana Rail Grain Survey 2006

Yields Reported



Montana Elevator Count Continues to Fall



- In 1984 Montana had over 189 elevators operating in the state
- By 2006, that number was down to about 121



Respondents Represented All Major Crops In Montana

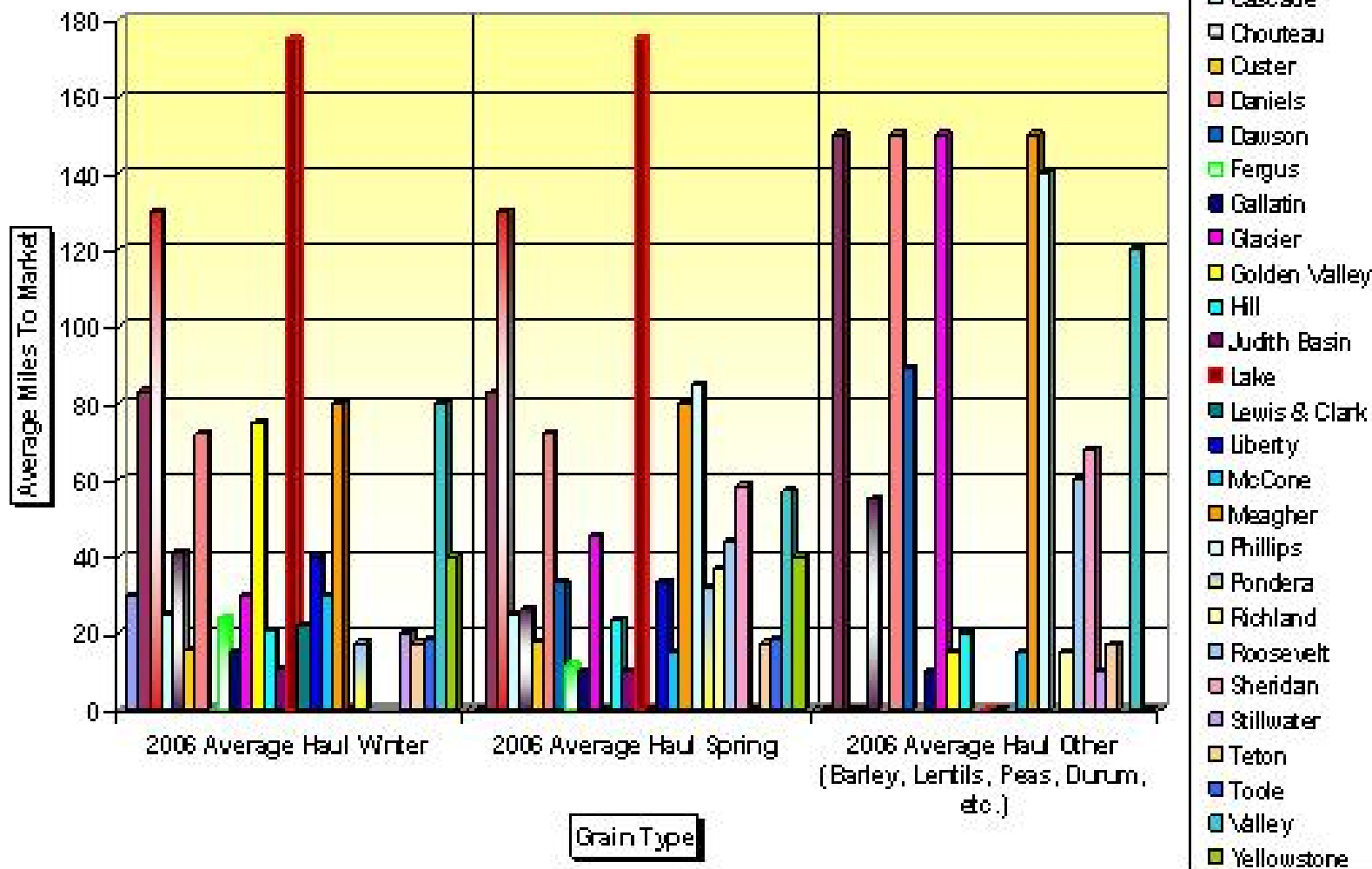
- Over 70% of the respondents grew winter wheat and over 80% of the respondents grew spring wheat and approximately 40% of the respondents grew other major crops (barley, durum, peas, lentils, etc.).



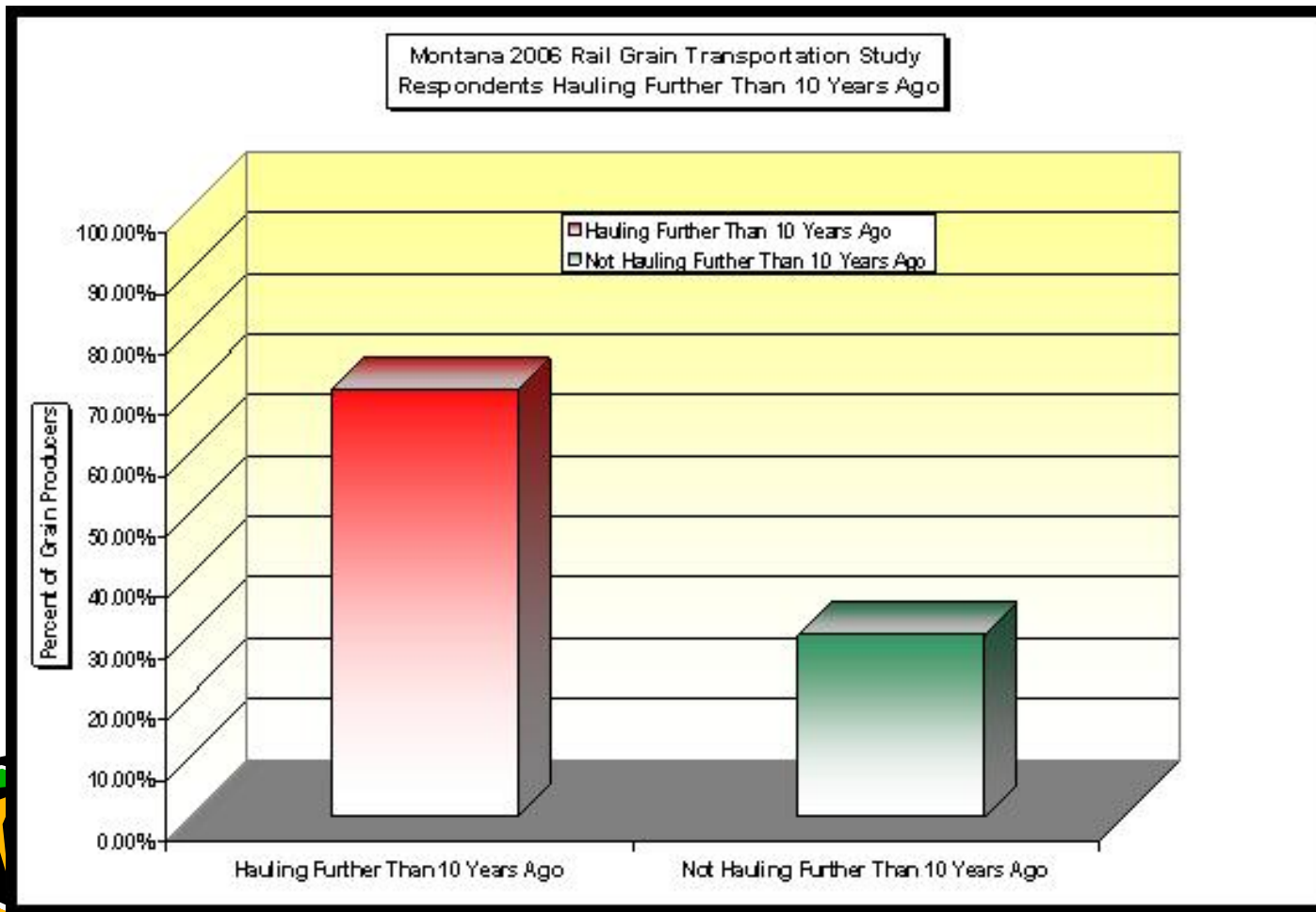
Average Hauling Distances by County



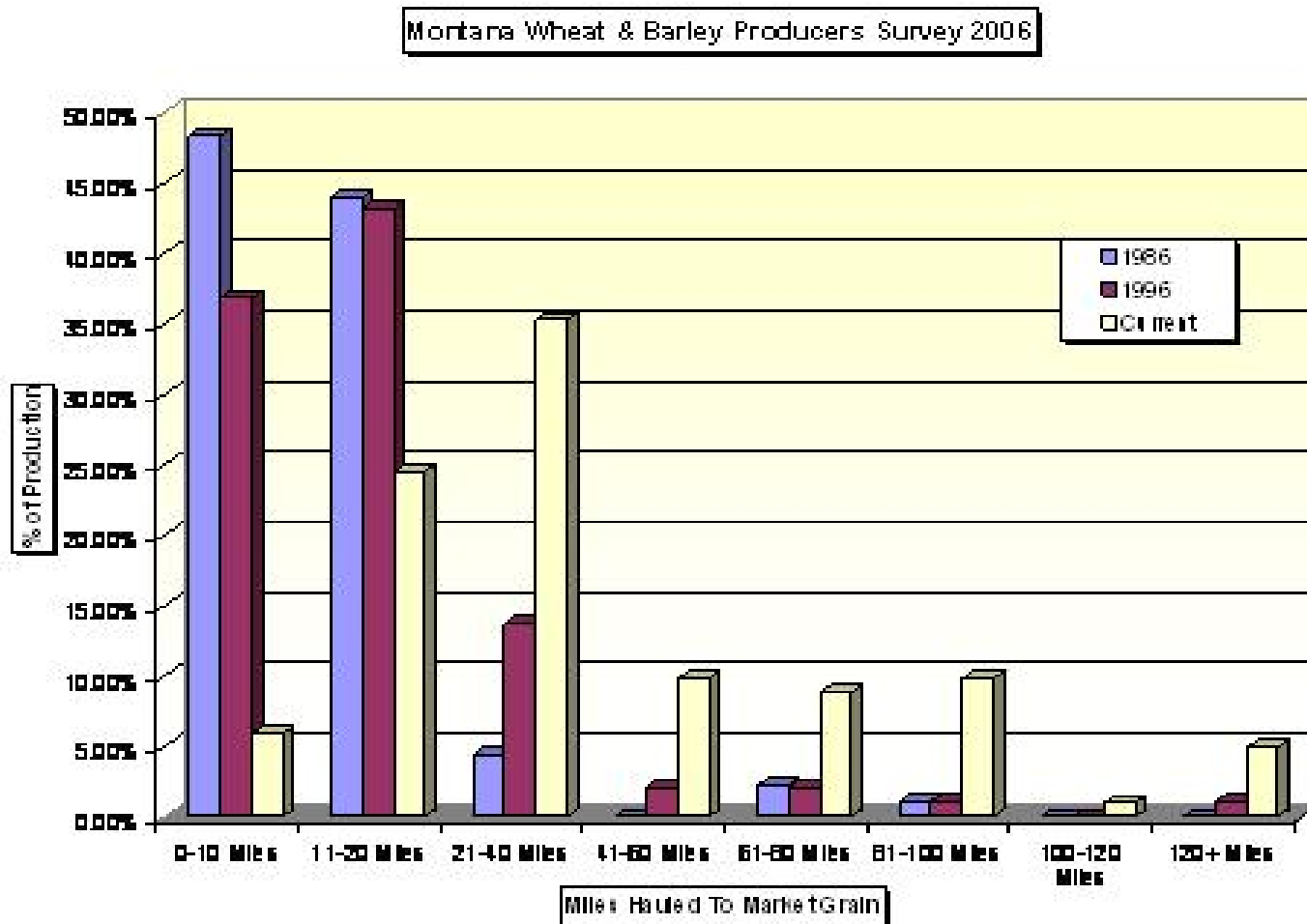
Montana Grain Transportation Survey 2006 -
Reported Average Hauling Distance by Grain Type



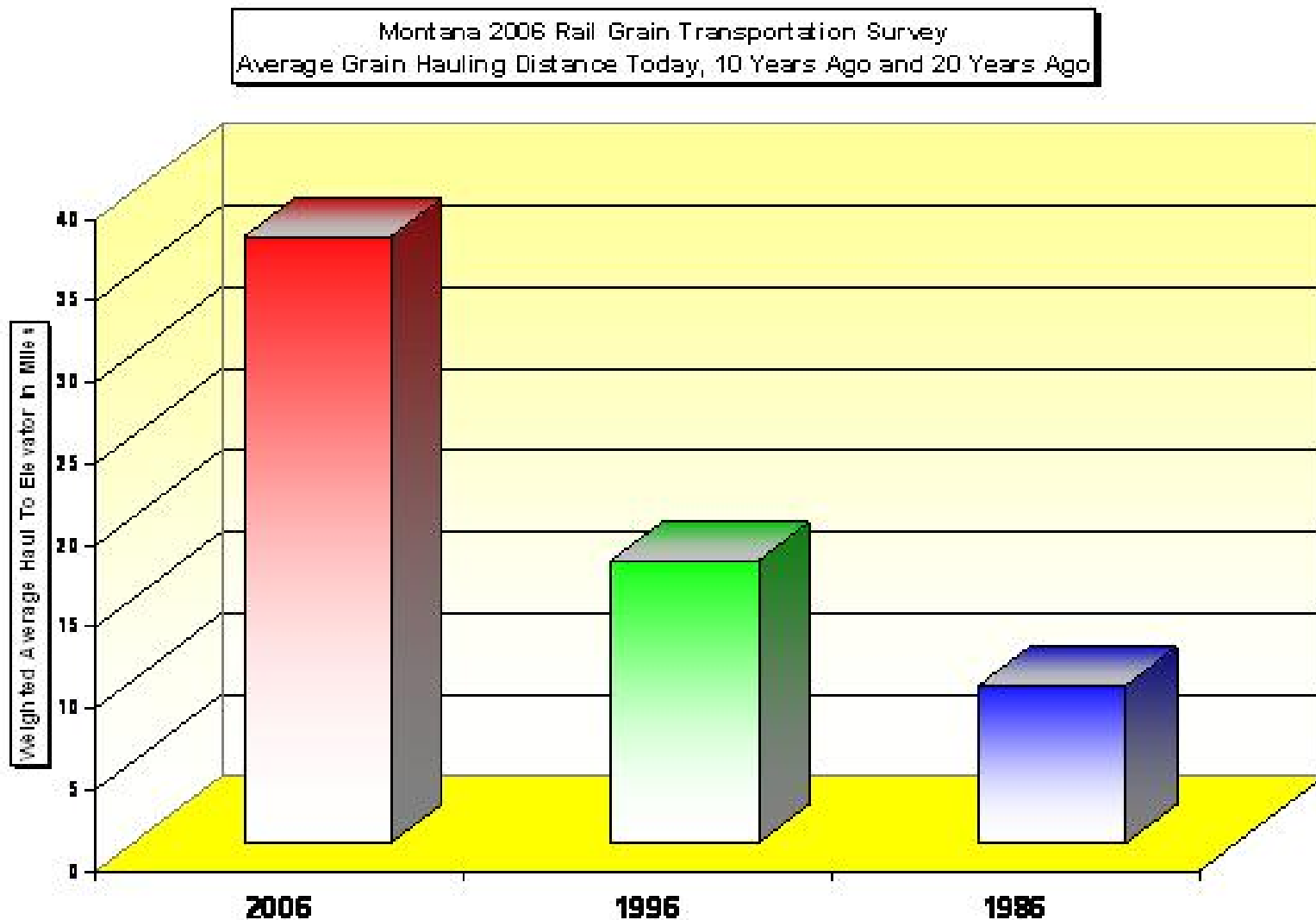
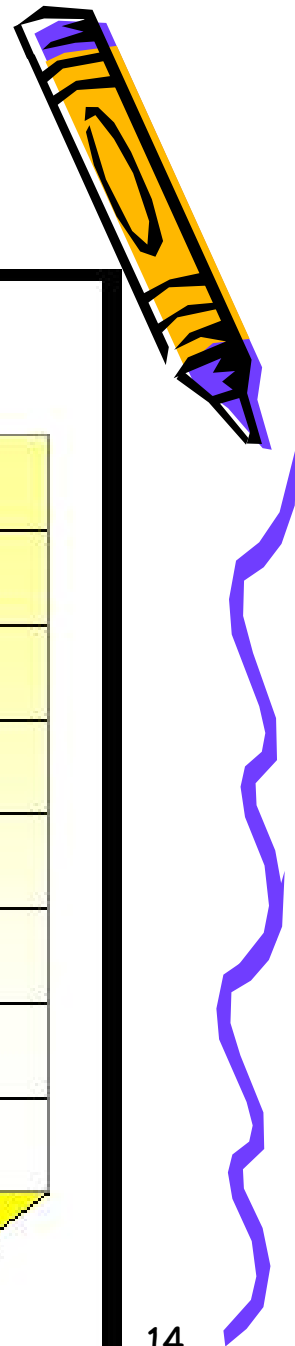
Over 70% Hauling Further Than 10 Years Ago



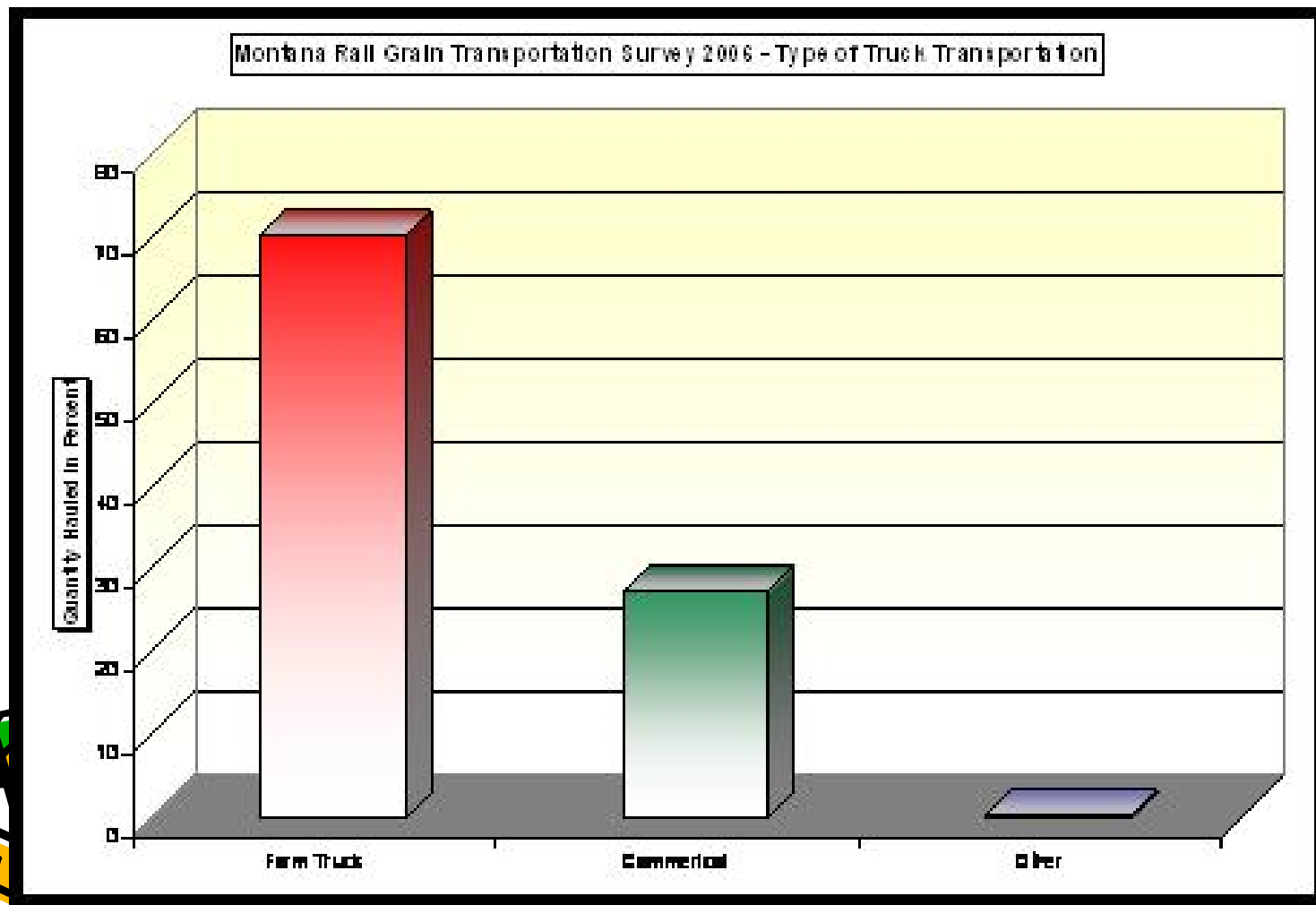
Average Hauling Distance By Year



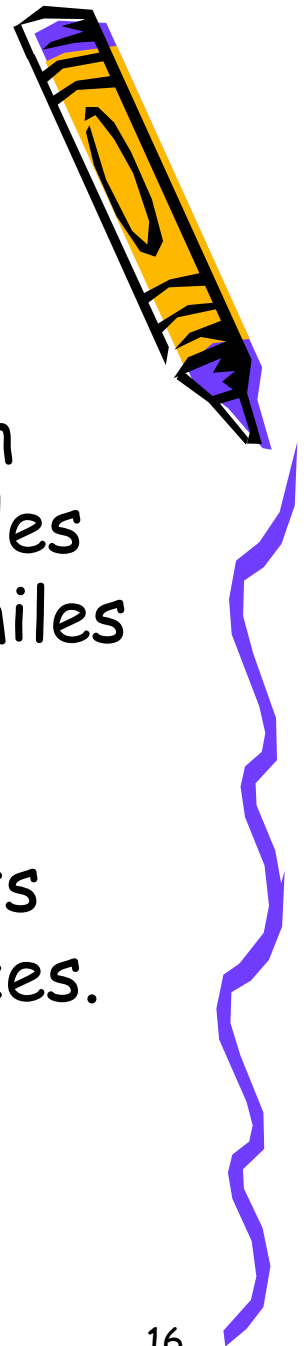
Average Hauling Distances Have Increased Dramatically



Farm Trucks Are the 'Transport of Choice'



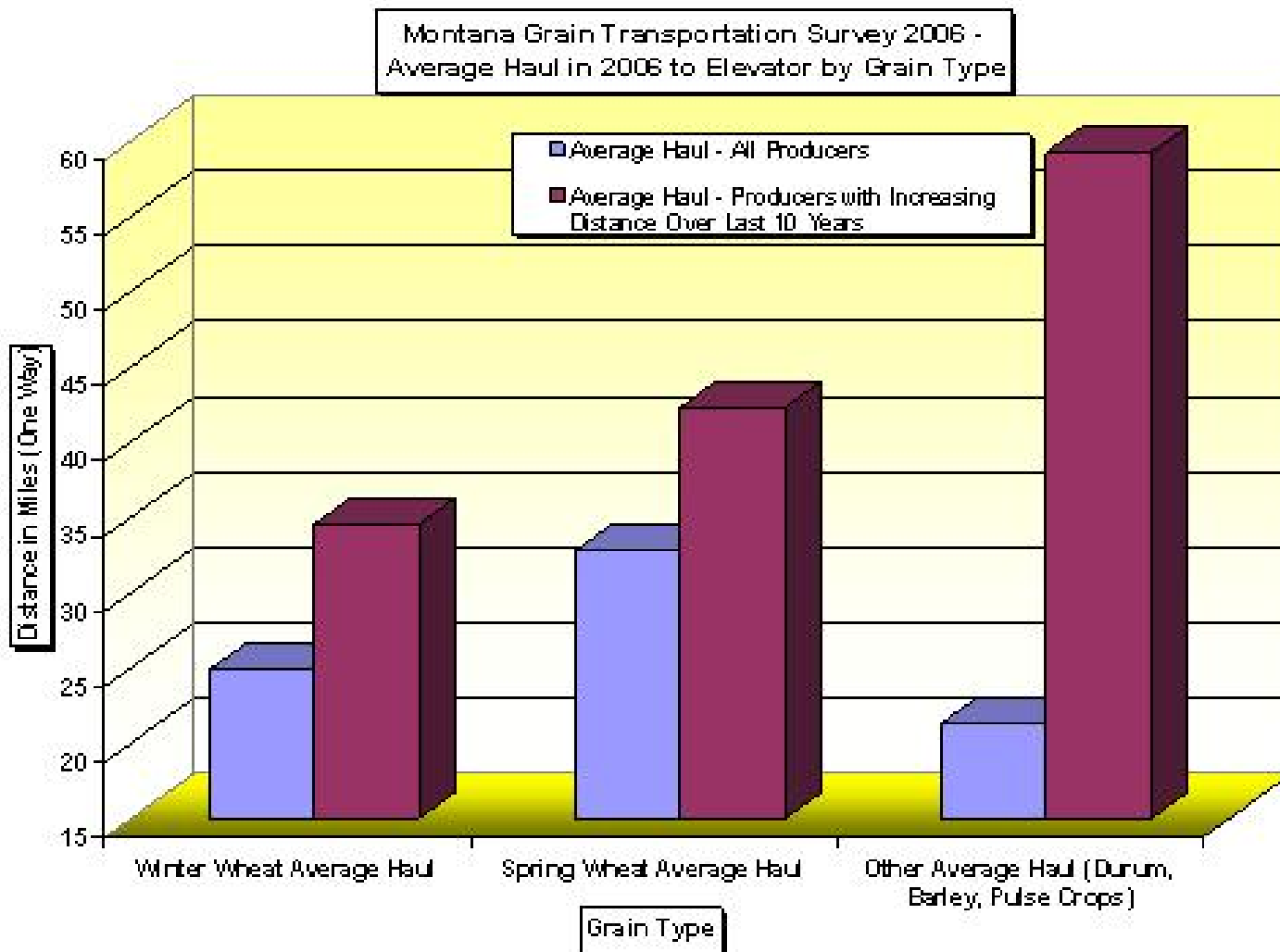
Hauling Distances Increase By Over 100%



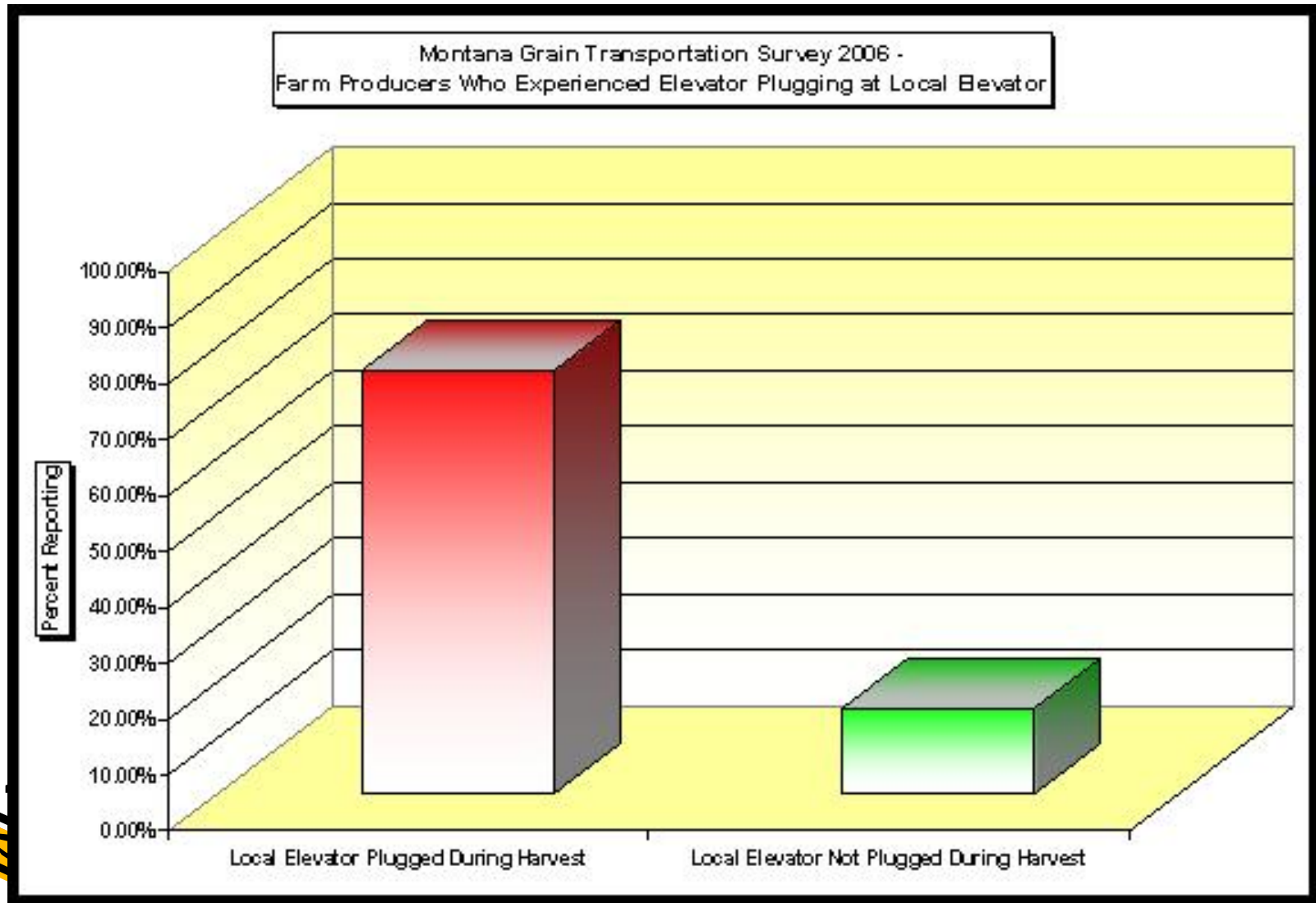
- The data from all respondents shows an average one way haul today of 37.19 miles compared to an average haul of 17.35 miles 10 years ago (an increase of 114%), and 9.69 miles 20 years ago (an increase of 285%). Notably, 70% of all respondents are showing increases in hauling distances.



Survey Shows Average Haul For Those Whose Distances Are Increasing Is Dramatic



Plugged Elevators Continue to Be Part of the Norm



Reason for Plugging?

Lack of Rail Cars

Montana Grain Transportation Survey 2006 - Reason for Local Elevator Plugging

